

Message Text

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ACTION EB-07

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 1494

INFO AMEMBASSY MANILA

AMEMBASSY SEOUL

AMEMBASSY TAIPEI

C O N F I D E N T I A L BANGKOK 4030

E.O. 11652: GDS

TAGS: EAGR, EFIN, RP, TW, TH, KS

SUBJECT: COTTON CONTRACTS

REF: A. STATE 51520; B. BANGKOK 3327

1. EMBASSY INFORMED DAVID LYMAN, ATTORNEY FOR A NUMBER OF U.S. COTTON SHIPPERS, OF POSSIBLE NEW COTTON SALES TO DELINQUENT COMPANIES THROUGH HERBERT CHANG (REFTEL B). HE IN TURN NOTIFIED N.Y. ATTORNEY VICTOR FRIEDMAN, WHO IS REPRESENTATIVE OF AMERICAN COTTON EXPORTERS ASSOCIATION. AGRICULTURAL ATTACHE ALSO SUGGESTED LYMAN TALK TO DAVID YU, A KNOWLEDGEABLE LOCAL AGENT ANXIOUS TO RESOLVE CONTRACT PROBLEMS AS REPRESENTATIVE OF SEVERAL U.S. SHIPPERS. LYMAN HAS NOW PROVIDED EMBASSY WITH FOLLOWING UNVERIFIED INFORMATION ON NEW COTTON SALES DERIVED FROM YU AND OTHER TRADE SOURCES.

2. CHANG ALLEGEDLY SOLD BETWEEN 10,000 AND 20,000 BALES U.S. COTTON IN LAST FEW WEEKS AT CURRENT PRICES FOR DELIVERY IN LATE SPRING OR EARLY SUMMER. A DANISH NATIONAL, OLE MATSON, OPERATING THROUGH A FIRM CALLED SCAN EAST COMPANY, LTD. IS ALSO REPORTED TO BE SELLING COTTON
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OF UNKNOWN ORIGIN, QUANTITIES AND PRICE. A PRINCIPAL

PURCHASER IS THAI DURABLE TEXTILE, WHICH IS ALSO PURCHASING FROM TWO OTHER AGENTS, TOTEX AND THE MAT COMPANY.

3. SELLERS ARE ALLEGED TO BE PLAINS COTTON CO-OP UNDER TRADE NAME COSMOS, MEMPHIS COTTON EXPORT COMPANY USING SCAN EAST AS AGENT, AND ANOTHER COMPANY NAMED SWIG. BUYERS ARE ALLEGED TO BE K COTTON AND GAUZE, AS WELL AS THAI DURABLE.

4. ADDITIONAL UNSUBSTANTIATED REPORTS SECURED BY LYMAN INDICATE SCAN EAST SOLD 1,000 BALES SUDAN COTTON ABOUT MARCH 1 THROUGH NEWCOT OF GENEVA, AND 500 BALES TO A FIRM CALLED SRI SUKSAWAT, AT CURRENT PRICES.

5. EMBASSY HAS RECEIVED SEPARATE REPORTS SOVIETS STOCKPILING COTTON SINGAPORE AND TESTING LOCAL MARKETS. STATISTICS PROVIDED TO EMBASSY BY ASSOCIATED SURVEYORS AND TEST LABORATORIES CO., LTD., BANGKOK, CONFIRM USSR SHIPPED 630 BALES JANUARY AND 1,252 BALES FEBRUARY VIA SINGAPORE.

6. LYMAN REPORTS NUMBER OF AMERICAN SHIPPERS ARE CONTEMPLATING LEGAL ACTION ALONG LINES INITIATED BY WIEL BROTHERS AS THEY HAVE ASKED LYMAN FOR SCHEDULE OF HIS FEES WHICH HE HAS PROVIDED. LYMAN OPINES THESE COMPANIES UNDERSTANDABLY WISH TO SAVE MONEY AND THIS PROBABLY ACCOUNTS FOR THEIR HESITATION IN RETAINING HIM. HE BELIEVES SHIPPERS MIGHT DECIDE TO LET WIEL CARRY THE LEGAL BURDEN. LYMAN BELIEVES RTG HAS NO ABILITY OR RESOURCES TO DRAW ON TO INDUCE DELINQUENT MILLS TO HONOR CONTRACTS. IN FINAL ANALYSIS, HE BELIEVES ONLY RECOURSE FOR SHIPPERS IS THE COURTS. IN THE MEANTIME, NEW U.S. SALES AND DELIVERIES FROM OTHER COUNTRIES ARE TAKING PRESSURE OFF MILLS TO HONOR OLD CUSTOMERS.
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